



QUARTERLY STATEMENT  
AS OF June 30, 2011  
OF THE CONDITION AND AFFAIRS OF THE  
TOTAL HEALTH CARE USA, INC.

NAIC Group Code	1238 (Current Period)	1238 (Prior Period)	NAIC Company Code	12326	Employer's ID Number	38-3240485
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	02/18/1994		Commenced Business	02/18/1994		
Statutory Home Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)		DETROIT, MI 48202 (City, or Town, State and Zip Code)			
Main Administrative Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI 48202 (City or Town, State and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Mail Address	3011 W. GRAND BLVD., SUITE 1600 (Street and Number or P.O. Box)		DETROIT, MI 48202 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI 48202 (City, or Town, State and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Internet Web Site Address	TOTALHEALTHCAREONLINE.COM					
Statutory Statement Contact	NICOLE KHODADADEH, CFO (Name)		(313)871-6402 (Area Code)(Telephone Number)(Extension)			
	NKHODADADEH@THC-ONLINE.COM (E-Mail Address)		(313)871-4762 (Fax Number)			

OFFICERS

Name	Title
RANDY NAROWITZ	EXECUTIVE DIRECTOR
KATHY KATHER	SECRETARY
DOUGLAS PAUL BAKER	TREASURER
ROBYN JAMES ARRINGTON JR., M.D.	MEDICAL DIRECTOR

OTHERS

DIRECTORS OR TRUSTEES

DOUGLAS PAUL BAKER	KATHY KATHER
RUBY COLE	GERTRUDE HELEN MINKIEWICZ
JEANETTE OCTAVIA ABBOTT	

State of Michigan  
County of WAYNE ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) RANDY NAROWITZ (Printed Name) 1. EXECUTIVE DIRECTOR (Title)	(Signature) KATHY KATHER (Printed Name) 2. SECRETARY (Title)	(Signature) DOUGLAS PAUL BAKER (Printed Name) 3. TREASURER (Title)
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Subscribed and sworn to before me this day of , 2011	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ]   
(Notary Public Signature)		

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1.	Bonds .....	99,940		99,940	539,719
2.	Stocks:				
2.1	Preferred stocks .....				
2.2	Common stocks .....				13,787
3.	Mortgage loans on real estate:				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....24,159,018), cash equivalents (\$.....0) and short-term investments (\$.....1,579,398) .....	25,738,416		25,738,416	22,927,424
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives .....				
8.	Other invested assets .....				
9.	Receivables for securities .....				
10.	Securities lending reinvested collateral assets .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	25,838,356		25,838,356	23,480,930
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	4,652		4,652	29,608
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	1,276,571	1,651	1,274,920	1,127,578
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums .....				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....				106,662
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....				
18.1	Current federal and foreign income tax recoverable and interest thereon .....				
18.2	Net deferred tax asset .....				
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....				
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
22.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....				
24.	Health care (\$.....701,960) and other amounts receivable .....	1,154,476	452,516	701,960	930,013
25.	Aggregate write-ins for other than invested assets .....	107,845	101,906	5,939	2,576
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	28,381,900	556,073	27,825,827	25,677,367
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	Total (Lines 26 and 27) .....	28,381,900	556,073	27,825,827	25,677,367
DETAILS OF WRITE-INS					
1101.	.....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Other Receivable .....	107,845	101,906	5,939	2,576
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	107,845	101,906	5,939	2,576

**LIABILITIES, CAPITAL AND SURPLUS**

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.0 reinsurance ceded) .....	7,641,859		7,641,859	6,894,310
2.	Accrued medical incentive pool and bonus amounts .....	255,531		255,531	249,351
3.	Unpaid claims adjustment expenses .....	169,528		169,528	153,283
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserve .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	2,912,162		2,912,162	2,527,119
9.	General expenses due or accrued .....	401,995		401,995	324,453
10.1	Current federal and foreign income tax payable and interest thereon (including \$.0 on realized gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.0 current) and interest thereon \$.0 (including \$.0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				104,626
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties with (\$.0 authorized reinsurers and \$.0 unauthorized reinsurers) .....				
20.	Reinsurance in unauthorized companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....				
23.	Aggregate write-ins for other liabilities (including \$.0 current) .....				
24.	Total liabilities (Lines 1 to 23) .....	11,381,075		11,381,075	10,253,142
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
26.	Common capital stock .....	X X X	X X X		
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	6,273,089	6,273,089
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	10,171,663	9,151,136
32.	Less treasury stock, at cost:				
32.1	.0 shares common (value included in Line 26 \$.0) .....	X X X	X X X		
32.2	.0 shares preferred (value included in Line 27 \$.0) .....	X X X	X X X		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	16,444,752	15,424,225
34.	Total Liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	27,825,827	25,677,367
DETAILS OF WRITE-INS					
2301.	.....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months .....	X X X .....	158,843	128,814	271,595
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	44,890,766	33,469,487	71,545,016
3.	Change in unearned premium reserves and reserves for rate credits .....	X X X .....			
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....			
5.	Risk revenue .....	X X X .....			
6.	Aggregate write-ins for other health care related revenues .....	X X X .....			
7.	Aggregate write-ins for other non-health revenues .....	X X X .....			
8.	Total revenues (Lines 2 to 7) .....	X X X .....	44,890,766	33,469,487	71,545,016
<b>Hospital and Medical:</b>					
9.	Hospital/medical benefits .....		25,013,299	17,318,156	34,631,024
10.	Other professional services .....		2,438,663	2,315,988	4,000,982
11.	Outside referrals .....				
12.	Emergency room and out-of-area .....		3,492,726	2,625,722	5,819,908
13.	Prescription drugs .....		4,631,123	3,654,354	7,702,573
14.	Aggregate write-ins for other hospital and medical .....			3,058	3,058
15.	Incentive pool, withhold adjustments and bonus amounts .....		36,468	15,643	(312,459)
16.	Subtotal (Lines 9 to 15) .....		35,612,279	25,932,921	51,845,086
<b>Less:</b>					
17.	Net reinsurance recoveries .....		3,193	113,290	219,335
18.	Total hospital and medical (Lines 16 minus 17) .....		35,609,086	25,819,631	51,625,751
19.	Non-health claims (net) .....				
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....		160,047	120,079	257,173
21.	General administrative expenses .....		8,131,943	5,901,016	12,670,016
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....				
23.	Total underwriting deductions (Lines 18 through 22) .....		43,901,076	31,840,726	64,552,940
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	989,690	1,628,761	6,992,076
25.	Net investment income earned .....		32,270	76,772	113,043
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....				
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		32,270	76,772	113,043
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....				
29.	Aggregate write-ins for other income or expenses .....				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	1,021,960	1,705,533	7,105,119
31.	Federal and foreign income taxes incurred .....	X X X .....			
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	1,021,960	1,705,533	7,105,119
<b>DETAILS OF WRITE-INS</b>					
0601.	.....	X X X .....			
0602.	.....	X X X .....			
0603.	.....	X X X .....			
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....			
0701.	.....	X X X .....			
0702.	.....	X X X .....			
0703.	.....	X X X .....			
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....			
1401.	Other Expense .....			3,058	3,058
1402.	.....				
1403.	.....				
1498.	Summary of remaining write-ins for Line 14 from overflow page .....				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			3,058	3,058
2901.	.....				
2902.	.....				
2903.	.....				
2998.	Summary of remaining write-ins for Line 29 from overflow page .....				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>				
33.	Capital and surplus prior reporting year .....	15,424,225	8,306,336	8,306,337
34.	Net income or (loss) from Line 32 .....	1,021,960	1,705,533	7,105,119
35.	Change in valuation basis of aggregate policy and claim reserves .....			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....			
37.	Change in net unrealized foreign exchange capital gain or (loss) .....			
38.	Change in net deferred income tax .....			
39.	Change in nonadmitted assets .....	(1,433)	125,538	12,769
40.	Change in unauthorized reinsurance .....			
41.	Change in treasury stock .....			
42.	Change in surplus notes .....			
43.	Cumulative effect of changes in accounting principles .....			
44.	Capital Changes:			
44.1	Paid in .....			
44.2	Transferred from surplus (Stock Dividend) .....			
44.3	Transferred to surplus .....			
45.	Surplus adjustments:			
45.1	Paid in .....			
45.2	Transferred to capital (Stock Dividend) .....			
45.3	Transferred from capital .....			
46.	Dividends to stockholders .....			
47.	Aggregate write-ins for gains or (losses) in surplus .....			
48.	Net change in capital and surplus (Lines 34 to 47) .....	1,020,527	1,831,071	7,117,888
49.	Capital and surplus end of reporting period (Line 33 plus 48) .....	16,444,752	10,137,407	15,424,225
<b>DETAILS OF WRITE-INS</b>				
4701.	.....	.....	.....	.....
4702.	.....	.....	.....	.....
4703.	.....	.....	.....	.....
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	.....	.....	.....
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	.....	.....	.....

CASH FLOW

		1	2	3
		Current	Prior	Prior
		Year	Year	Year Ended
		To Date	To Date	December 31
Cash from Operations				
1.	Premiums collected net of reinsurance .....	45,132,454	34,399,971	73,086,456
2.	Net investment income .....	57,226	72,196	89,306
3.	Miscellaneous income .....	290,256	388,700	(110,133)
4.	Total (Lines 1 to 3) .....	45,479,936	34,860,867	73,065,629
5.	Benefit and loss related payments .....	34,748,695	24,765,956	52,216,122
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	8,198,203	5,901,346	12,814,571
8.	Dividends paid to policyholders .....			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....			
10.	Total (Lines 5 through 9) .....	42,946,898	30,667,302	65,030,693
11.	Net cash from operations (Line 4 minus Line 10) .....	2,533,038	4,193,565	8,034,936
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds .....	538,779		
12.2	Stocks .....	13,787	7,086,994	7,414,015
12.3	Mortgage loans .....			
12.4	Real estate .....			
12.5	Other invested assets .....			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7	Miscellaneous proceeds .....			
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	552,566	7,086,994	7,414,015
13.	Cost of investments acquired (long-term only):			
13.1	Bonds .....	99,000		540,000
13.2	Stocks .....		7,170,642	7,170,642
13.3	Mortgage loans .....			
13.4	Real estate .....			
13.5	Other invested assets .....			
13.6	Miscellaneous applications .....		72,113	256,879
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	99,000	7,242,755	7,967,521
14.	Net increase (or decrease) in contract loans and premium notes .....			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	453,566	(155,761)	(553,506)
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes .....			
16.2	Capital and paid in surplus, less treasury stock .....			
16.3	Borrowed funds .....			
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5	Dividends to stockholders .....			
16.6	Other cash provided (applied) .....	(175,612)	495,993	471,358
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(175,612)	495,993	471,358
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	2,810,992	4,533,797	7,952,788
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year .....	22,927,424	14,974,636	14,974,636
19.2	End of period (Line 18 plus Line 19.1) .....	25,738,416	19,508,433	22,927,424

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001				
20.0002				

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....	24,770		24,770							
2. First Quarter .....	26,272		26,272							
3. Second Quarter .....	27,068		27,068							
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	158,843		158,843							
Total Member Ambulatory Encounters for Period:										
7. Physician .....	76,619		76,619							
8. Non-Physician .....	26,788		26,788							
9. Total .....	103,407		103,407							
10. Hospital Patient Days Incurred .....	3,867		3,867							
11. Number of Inpatient Admissions .....	939		939							
12. Health Premiums Written (a) .....	45,236,293		45,236,293							
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	45,236,293		45,236,293							
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	34,855,357		34,855,357							
18. Amount Incurred for Provision of Health Care Services .....	35,612,279		35,612,279							

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.0.

**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
Rx America .....	383,677					383,677
0199999 Individually Listed Claims Unpaid .....	383,677					383,677
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....						
0399999 Aggregate Accounts Not Individually Listed - Covered .....	582,929					582,929
0499999 Subtotals .....	966,606					966,606
0599999 Unreported claims and other claim reserves .....						6,675,253
0699999 Total Amounts Withheld .....						
0799999 Total Claims Unpaid .....						7,641,859
0899999 Accrued Medical Incentive Pool And Bonus Amounts .....						255,531



**UNDERWRITING AND INVESTMENT EXHIBIT**

**ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
		1	2	3	4		
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical) .....	5,173,380	29,651,689	1,720,930	5,920,929	6,894,310	6,894,310
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	5,173,380	29,651,689	1,720,930	5,920,929	6,894,310	6,894,310
10.	Healthcare receivables (a) .....						
11.	Other non-health .....						
12.	Medical incentive pools and bonus amounts .....	(16,587)	46,875	146,309	109,222	129,722	249,351
13.	Totals (Lines 9 - 10 + 11 + 12) .....	5,156,793	29,698,564	1,867,239	6,030,151	7,024,032	7,143,661

(a) Excludes \$.00 loans or advances to providers not yet expensed.

## Notes to Financial Statement

### Note 1 - Nature of Business and Significant Accounting Policies

Total Health Care USA, Inc. (the "Company"), a not-for-profit corporation and wholly owned subsidiary of Total Health Care, Inc., operates as a state-licensed health maintenance organization (HMO). The Company provides medical services to persons primarily in southeastern Michigan who subscribe as part of an employer group or as individuals.

**Statutory Basis of Accounting** - The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures manual and the statutory accounting principles as prescribed by Section 1007 of the Michigan statutes. Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as certain receivables from affiliates) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$556,000 and \$555,000 at June 30, 2011 and December 31, 2010, respectively. There are no significant differences between statutory accounting principles prescribed by NAIC and the State of Michigan accounting requirements that are applicable to the Company.

**Cash and Short-term Investments** - The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles.

**Investments** - Short-term investments and long-term certificates of deposit are recorded at amortized cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in net investment income on the statement of operations. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.

**Revenue Recognition and Health Premiums Due and Unpaid** - Subscriber premiums are recognized in the period that members are entitled to related health care services. A substantial portion of health premiums due and unpaid is due from third-party payors for subscribers located within southeastern Michigan. Health premiums due and unpaid are stated at invoice amounts. Unpaid invoices greater than 90 days old are treated as non-admitted for statutory accounting purposes.

**Recognition of Medical and Hospital Expenses** - Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Claims unpaid represent management's estimate of the ultimate cost to settle all claims incurred prior to year-end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at June 30, 2011 and December 31, 2010.

**Physician Group Contracts** - The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. Physician group contracts have a specialty claims incentive and pay-for-performance incentive. If the providers meet the incentives, they share in the savings and a payable is recorded. If the providers do not meet the incentives, they share in the excess costs and a health care receivable is recorded if deemed collectible by management. During 2011 and 2010, health care receivables and payables have been recorded from/to providers.

**Hospital Group Contracts** - The Company contracts with several hospitals and other groups. These contracts are paid under capitated fees or various other charge arrangements.

**Malpractice Claims** - The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

Notes to Financial Statement

**Employee Staffing and Purchased Services Agreement** - The Company has an employee staffing and purchased services agreement with Total Health Care, Inc., its parent company, which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the board of directors of Total Health Care USA, Inc.

**Income Taxes** - Total Health Care USA, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

**Funds Maintained Under Statutory Requirements** - The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. Interest earned on these funds can be utilized by the Company. At June 30, 2011 and December 31, 2010, \$1,004,681 and \$1,003,998, respectively, was held in a combination of cash and short-term investments to fulfill these requirements.

**Use of Estimates** - The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

A reconciliation of the Total Health USA’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	2011	2010
(1) Net Income - State Basis	1,021,960	7,105,119
(2) State Prescribed Practices (Income):	0	0
Depreciation of fixed assets		
(3) State Permitted Practices (Income):	0	0
Depreciation, home office property		
(4) Net Income, NAIC SAP	1,021,960	7,105,119
(5) Statutory Surplus State Basis	16,444,752	15,424,225
(6) State Prescribed Practices (Surplus):	0	0
Goodwill, net		
Fixed Assets, net		
(7) State Permitted Practices (Surplus):	0	0
Home Office Property		
(8) Statutory Surplus, NAIC SAP	16,444,752	15,424,225

Note 2 - Accounting Changes and Corrections of Errors

NO CHANGE

Note 3 - Business Combinations and Goodwill

This note is not applicable to the Company.

Note 4 - Discontinued Operations

This note is not applicable to the Company.

Note 5 - Investments

The Company does not have investments relating to mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreement, or real estate.

**Notes to Financial Statement**

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

The Company has no investments in joint ventures, partnerships, or limited liability companies.

**Note 7 - Investment Income**

The Company has no investment income due and accrued over 90 days past due.

**Note 8 - Derivative Instruments**

The Company does not invest in derivatives.

**Note 9 - Income Taxes**

This note is not applicable to the Company.

**Note 10 - Information Concerning Parent, Subsidiaries, and Affiliates**

NO CHANGE

**Note 11 - Debt**

This note is not applicable to the Company.

**Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans**

This note is not applicable to the Company.

**Note 13 - Capital and Surplus, Stockholders' Dividend Restrictions, and Quasi-reorganizations**

NO CHANGE

**Note 14 - Contingencies**

NO CHANGE

**Note 15 - Leases**

This note is not applicable to the Company.

**Note 16 - Information about Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk**

This note is not applicable to the Company.

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

This note is not applicable to the Company.

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

This note is not applicable to the Company.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third-party Administrators**

This note is not applicable to the Company.

**Note 20 - Fair Value Measurements**

The following table presents information about the Company's assets and liabilities measured at fair value at June 30, 2011, and the valuation techniques used by the Company to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where

**Notes to Financial Statement**

there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significant to the valuation. The Company’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Fair Value Measurements at Reporting Date

Description		Level 1	Level 2	Level 3	Total
Assets at fair value					
Money Market Funds -	Industrial and misc.	1,579,398			1,579,398
Total assets at fair value		1,579,398			1,579,398

**Note 21 - Other Items**

NO CHANGE

**Note 22 - Events Subsequent**

No unusual or material events have occurred subsequent to year end.

**Note 23 - Reinsurance**

**A. Ceded Reinsurance Report**

NO CHANGE

**B. Uncollectible Reinsurance**

NO CHANGE

**C. Commutation of Ceded Reinsurance**

NO CHANGE

**Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

This note is not applicable to the Company.

**Note 25 - Change in Incurred Claims and Claim Adjustment Expenses**

Reserves as of December 31, 2010 were \$7,296,944. As of June 30, 2011, \$5,156,793 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,867,239 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive Medical lines of business. Therefore, there has been a \$272,912 favorable prior-year development since December 31, 2010 to June 30, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

**Note 26 - Intercompany Pooling Arrangements**

This note is not applicable to the Company.

**Note 27 - Structured Settlements**

This note is not applicable to the Company.

**Note 28 - Health Care Receivables**

NO CHANGE

**Note 29 - Participating Policies**

**Notes to Financial Statement**

This note is not applicable to the Company.

**Note 30 - Premium Deficiency Reserves**

This note is not applicable to the Company.

**Note 31 - Anticipated Salvage and Subrogation**

NO CHANGE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[ ] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[ ] No[ ] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
3. Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes, complete the Schedule Y - Part 1 - organizational chart.

Yes[ ] No[X]
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

Yes[ ] No[X] N/A[ ]
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2009
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2009
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/25/2011
- 6.4 By what department or departments?  
MICHIGAN OFFICE OF FINANCIAL AND INSURANCE REGULATION
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes[X] No[ ] N/A[ ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[ ] N/A[ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes[X] No[ ]
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$..... 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[ ] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$..... 0
13. Amount of real estate and mortgages held in short-term investments:

\$..... 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[ ] No[X]

**GENERAL INTERROGATORIES (Continued)**

**INVESTMENT**

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....		
14.22 Preferred Stock .....		
14.23 Common Stock .....		
14.24 Short-Term Investments .....		
14.25 Mortgages Loans on Real Estate .....		
14.26 All Other .....		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?  
15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.
- Yes[ ] No[X]  
Yes[ ] No[ ] N/A[X]
16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?  
16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian Address
COMERICA BANK - LYNN HUTZEL-UISEL .....	611 WOODWARD AVE, DETROIT, MI 48226 .....
FIRST INDEPENDENCE NAT'L BANK - RHONDA PUGH .....	44 MICHIGAN AVE, DETROIT, MI 48226 .....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?  
16.4 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?  
17.2 If no, list exceptions:  
NOT REQUIRED BY STATE OF DOMICILE
- Yes[ ] No[X]



**GENERAL INTERROGATORIES**

**PART 2 - HEALTH**

1. Operating Percentages:	
1.1 A&H loss percent	..... 79.070%
1.2 A&H cost containment percent	..... 0.350%
1.3 A&H expense percent excluding cost containment expenses	..... 18.330%
2.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

**SCHEDULE S - CEDED REINSURANCE**  
**Showing All New Reinsurance Treaties - Current Year to Date**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
<b>Accident and Health - Affiliates</b>						
60739 .....	74-0484030 .....	..... 11/01/2010 .....	AMERICAN NATL INS CO .....	TX .....	..... SSL/L/I .....	..... Yes[X] No[ ] .....

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**  
**Current Year to Date - Allocated by States and Territories**

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL) .....	N								
2.	Alaska (AK) .....	N								
3.	Arizona (AZ) .....	N								
4.	Arkansas (AR) .....	N								
5.	California (CA) .....	N								
6.	Colorado (CO) .....	N								
7.	Connecticut (CT) .....	N								
8.	Delaware (DE) .....	N								
9.	District of Columbia (DC) .....	N								
10.	Florida (FL) .....	N								
11.	Georgia (GA) .....	N								
12.	Hawaii (HI) .....	N								
13.	Idaho (ID) .....	N								
14.	Illinois (IL) .....	N								
15.	Indiana (IN) .....	N								
16.	Iowa (IA) .....	N								
17.	Kansas (KS) .....	N								
18.	Kentucky (KY) .....	N								
19.	Louisiana (LA) .....	N								
20.	Maine (ME) .....	N								
21.	Maryland (MD) .....	N								
22.	Massachusetts (MA) .....	N								
23.	Michigan (MI) .....	L	45,236,293						45,236,293	
24.	Minnesota (MN) .....	N								
25.	Mississippi (MS) .....	N								
26.	Missouri (MO) .....	N								
27.	Montana (MT) .....	N								
28.	Nebraska (NE) .....	N								
29.	Nevada (NV) .....	N								
30.	New Hampshire (NH) .....	N								
31.	New Jersey (NJ) .....	N								
32.	New Mexico (NM) .....	N								
33.	New York (NY) .....	N								
34.	North Carolina (NC) .....	N								
35.	North Dakota (ND) .....	N								
36.	Ohio (OH) .....	N								
37.	Oklahoma (OK) .....	N								
38.	Oregon (OR) .....	N								
39.	Pennsylvania (PA) .....	N								
40.	Rhode Island (RI) .....	N								
41.	South Carolina (SC) .....	N								
42.	South Dakota (SD) .....	N								
43.	Tennessee (TN) .....	N								
44.	Texas (TX) .....	N								
45.	Utah (UT) .....	N								
46.	Vermont (VT) .....	N								
47.	Virginia (VA) .....	N								
48.	Washington (WA) .....	N								
49.	West Virginia (WV) .....	N								
50.	Wisconsin (WI) .....	N								
51.	Wyoming (WY) .....	N								
52.	American Samoa (AS) .....	N								
53.	Guam (GU) .....	N								
54.	Puerto Rico (PR) .....	N								
55.	U.S. Virgin Islands (VI) .....	N								
56.	Northern Mariana Islands (MP) .....	N								
57.	Canada (CN) .....	N								
58.	Aggregate other alien (OT) .....	X X X								
59.	Subtotal .....	X X X	45,236,293						45,236,293	
60.	Reporting entity contributions for Employee Benefit Plans .....	X X X								
61.	Total (Direct Business) .....	(a)..... 1	45,236,293						45,236,293	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page .....	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
**MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

TOTAL HEALTH CARE, INC. – PARENT  
38-2018957, NAIC #95644, STATE OF MICHIGAN

TOTAL HEALTH CARE USA, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
38-3240485, NAIC #12326, STATE OF MICHIGAN

TOTAL HEALTH CHOICE, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
33-0603319, NAIC #95134, STATE OF FLORIDA

**16     Supplemental Interrogatories     ..... NONE**

**17     Overflow Page for Write-Ins     ..... NONE**

STATEMENT AS OF **June 30, 2011** OF THE **TOTAL HEALTH CARE USA, INC.**

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Current year change in encumbrances .....		
4. Total gain (loss) on disposals .....		
5. Deduct amounts received on disposals .....		
6. Total foreign exchange change in book/adjusted carrying value .....		
7. Deduct current year's other than temporary impairment recognized .....		
8. Deduct current year's depreciation .....		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8 ) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10) .....		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired: .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and mortgage interest points .....		
9. Total foreign exchange change in book value/recorded investment .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value at end of current period (Line 13 minus Line 14) .....		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired: .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12) .....		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	553,506	
2. Cost of bonds and stocks acquired .....	99,000	7,710,642
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		256,879
5. Total gain (loss) on disposals .....		
6. Deduct consideration for bonds and stocks disposed of .....	552,566	7,414,015
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	99,940	553,506
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	99,940	553,506

**SCHEDULE D - PART 1B**  
**Showing the Acquisitions, Dispositions and Non-Trading Activity**  
**During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a) .....	539,982	98,958	539,000		539,982	99,940		539,719
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	539,982	98,958	539,000		539,982	99,940		539,719
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds & Preferred Stock .....	539,982	98,958	539,000		539,982	99,940		539,719

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

**SCHEDULE DA - PART 1**

**Short - Term Investments**

	1 Book/Adjusted Carrying Value	2  Par Value	3  Actual Cost	4  Interest Collected Year To Date	5  Paid for Accrued Interest Year To Date
9199999. Totals .....	1,579,398	X X X	1,579,398	1,504	

**SCHEDULE DA - Verification**

**Short-Term Investments**

		1  Year To Date	2  Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	1,718,170	7,907,434
2.	Cost of short-term investments acquired .....	2,749,228	1,718,570
3.	Accrual of discount .....		
4.	Unrealized valuation increase (decrease) .....		
5.	Total gain (loss) on disposals .....		
6.	Deduct consideration received on disposals .....	2,888,000	7,907,834
7.	Deduct amortization of premium .....		
8.	Total foreign exchange change in book/adjusted carrying value .....		
9.	Deduct current year's other than temporary impairment recognized ....		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	1,579,398	1,718,170
11.	Deduct total nonadmitted amounts .....		
12.	Statement value at end of current period (Line 10 minus Line 11) .....	1,579,398	1,718,170



**SI04     Schedule DB - Part A Verification     . . . . . NONE**

**SI04     Schedule DB - Part B Verification     . . . . . NONE**

**SI05     Schedule DB Part C Section 1     . . . . . NONE**

**SI06     Schedule DB Part C Section 2     . . . . . NONE**

**SI07     Schedule DB - Verification     . . . . . NONE**

**SI08     Schedule E - Verification (Cash Equivalents)     . . . . . NONE**

E01	Schedule A Part 2 .....	NONE
E01	Schedule A Part 3 .....	NONE
E02	Schedule B Part 2 .....	NONE
E02	Schedule B Part 3 .....	NONE
E03	Schedule BA Part 2 .....	NONE
E03	Schedule BA Part 3 .....	NONE
E04	Schedule D Part 3 .....	NONE
E05	Schedule D Part 4 .....	NONE
E06	Schedule DB Part A Section 1 .....	NONE
E07	Schedule DB Part B Section 1 .....	NONE
E08	Schedule DB Part D .....	NONE
E09	Schedule DL - Part 1 - Securities Lending Collateral Assets .....	NONE
E10	Schedule DL - Part 2 - Securities Lending Collateral Assets .....	NONE

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances										
1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
							First Month	Second Month	Third Month	
open depositories										
First Independence National Bank							3,428,343	3,639,179	1,844,237	X X X
Comerica					841	578	9,522,133	11,015,606	11,869,146	X X X
Access National Bank			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Avenue Bank			FINB - CDAR's	07/01/2010	0.747	1,688	225,625	225,625		X X X
Bank Financial, FSB			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Bank of Jackson Hole			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Bank of North Carolina			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Bath Savings Institution			FINB - CDAR's	07/01/2010	0.747	434	58,000	58,000		X X X
Carver Federal Savings Bank			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
CoBix Bank			FINB - CDAR's	07/01/2010	0.747	824	235,500	235,500		X X X
Community Bank			FINB - CDAR's	07/01/2010	0.747	913	110,100	110,100		X X X
Community West Bank			FINB - CDAR's	07/01/2010	0.747	1,761	122,000	122,000		X X X
Eagle Bank			FINB - CDAR's	07/01/2010	0.747	1,354	181,012	181,012		X X X
East West Bank			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Fieldpoint Private Bank & Trust			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
First Citizens National Bank			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Gibraltar Private Bank & Trust			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Greeneville Federal Bank, FSB			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Harris National Association			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Hometown Bank			FINB - CDAR's	07/01/2010	0.747	125	16,667	16,667		X X X
Inland Community Bank, NA			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Johnson Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Mountain West Bank			FINB - CDAR's	07/01/2010	0.747	1,762	235,500	235,500		X X X
Old Second National Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Pinnacle Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Premier Commercial Bank, NA			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Republic Bank & Trust Company			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Rhinebeck Savings Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Sterling National Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
The Peoples Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Umpqua Bank			FINB - CDAR's	07/01/2010	0.747	686	91,596	91,596		X X X
Union Center National Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
United Center National Bank			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
United Southern Bank			FINB - CDAR's	07/01/2010	0.747	56	7,500	7,500		X X X
WesBanco Bank, Inc.			FINB - CDAR's	07/01/2010	0.747	1,761	235,500	235,500		X X X
Sovereign Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Beacon Federal			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
First County Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
InsurBank			FINB - CDAR's	06/28/2012	0.648				124,504	X X X
Alpine Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Minnwest Bank, M.V.			FINB - CDAR's	06/28/2012	0.648				87,000	X X X
Hawthorn Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Susquehanna Bank			FINB - CDAR's	06/28/2012	0.648				87,000	X X X
First Citizens National Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Citizens Savings Bank & Trust Co			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Independent Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
United Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Inland Community Bank, NA			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Empire Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Virginia National Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
CoBiz Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Union Bank & Trust Company			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Paragon Commercial Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Pinnacle Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
West Bank			FINB - CDAR's	06/28/2012	0.648				58,000	X X X
First Interstate Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Union Center National Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
The F&M Bank & Trust Company			FINB - CDAR's	06/28/2012	0.648				22,500	X X X
Umpqua Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Iberiabank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
The Private Bank & Trust Company			FINB - CDAR's	06/28/2012	0.648				197,996	X X X
United Central Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
The Park National Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
TriState Capital Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Western Alliance Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
RepublicBankAz, N.A.			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
Valley Green Bank			FINB - CDAR's	06/28/2012	0.648				235,500	X X X
American Express Centurion Bk				09/19/2011	0.750	518	240,271	240,190	240,146	X X X
Bank of China - NY				06/08/2011	0.300	359	239,976	239,995		X X X
Bank of India -NY				09/14/2011	0.400		239,955	239,950	239,976	X X X
Beal Bank Nevada				06/08/2011	0.500	1,197	240,022	240,002		X X X
Beal Bank TX				09/07/2011	0.350		239,916	239,928	239,957	X X X
Carolina First Bank - SC				04/28/2011	1.300	272				X X X
GE Money Bnk				09/09/2011	0.350		240,079	240,108	240,094	X X X
H & R Block Bank				04/14/2011	0.250	255				X X X
Metlife Bank				04/27/2011	0.300	359				X X X

**SCHEDULE E - PART 1 - CASH**

**Month End Depository Balances**

1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
							First Month	Second Month	Third Month	
Oriental Bank & Trust		06/22/2011		0.250	449		239,952	239,976		X X X
BMW BK North Amer Salt Lake City		05/25/2012		0.450		107		248,415	248,577	X X X
Huntington Natl CTF DEP		05/11/2012		0.400		136		248,375	248,539	X X X
Aurora BK FSB Wilmington Del		05/18/2012		0.500		150		248,574	248,719	X X X
Bank Baroda NewYork NY CTF		05/10/2012		0.400		142		248,380	248,542	X X X
SterlingSavingsBKSpokaneWACTF		05/04/2012		0.400				248,415	248,572	X X X
WrightExpressFinlSvcCorp		05/16/2012		0.450		141		248,465	248,621	X X X
Discover Bank		05/18/2012		0.380	34	140		250,000	250,000	X X X
Community Bank		05/18/2012		0.350	11	53		99,000	99,000	X X X
StateBankof India NY		05/18/2012		0.670	60	205		250,000	250,000	X X X
StateBankof India CA		05/18/2012		0.450		65		99,000	99,000	X X X
StateBankof India CA		05/18/2012		0.450		65		99,000	99,000	X X X
BK Of China NewYork City NY		06/08/2012		0.600		94			248,851	X X X
BealBank Las Vegas Nev CD		06/27/2012		0.300		4			248,041	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X	53,950	4,511	21,330,647	25,322,558	24,159,018	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X	53,950	4,511	21,330,647	25,322,558	24,159,018	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash			X X X	X X X	53,950	4,511	21,330,647	25,322,558	24,159,018	X X X

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
<div>NONE</div>							
8699999 Total - Cash Equivalents .....					.....	.....	.....

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